

Telephone: 020 7066 9346
Email: enquiries@fs-cp.org.uk

Digital Comparison Tools Market study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London WC1B 4AD

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Dear Sir / Madam,

Digital Comparison Tools market study – Update paper

The Financial Services Consumer Panel welcomes the opportunity to respond to the digital comparison tools market study update paper.

We are pleased to see the CMA focusing on the business models of DCTs, transparency and data use.

We have previously raised concerns about the terms of commercial agreements between DCTs and suppliers, and the extent to which they harvest and use consumers' data. Greater access to data can provide consumers with a more comprehensive service. However, the information DCTs make available must be useful, comparable, and enable consumers to make choices based on factors that are important to them. It should be possible for DCTs to produce useful non-price search criteria without overwhelming consumers with information. This is particularly relevant for insurance products where the focus on price alone has led to the hollowing out of policies.

We recommend the CMA considers the FCA's work on the general insurance value measures scorecard, which aims to use commonly available measures to improve transparency as well as value for money in the GI market.

We would reiterate that DCTs need to be more transparent, providing information on access to redress, and clarity about how their services are paid for and how they will use consumers' data. The FCA's smarter communications work is relevant, as it seeks to address how information is presented to consumers.

We remain concerned about the potential for regulatory gaps between differing models and urge the various regulators to work together to minimise this risk. Consumers should understand their rights and how to enforce them regarding their data, regardless of the model of DCT or the product or service being searched for or compared. The Insurance Distribution Directive (IDD) aims to provide greater transparency for consumers of the contractual relationships between intermediaries and insurers, and the CMA should consider how those proposals could read across between other products and regulators.

Yours faithfully

Sue Lewis
Chair, Financial Services Consumer Panel